

## STATE SCHOOL AID UPDATE

Michigan Department of Education



November 2006

Vol 15 No.2

### **DURANT NON-PLAINTIFF PAYMENT NOVEMBER 15, 2006**

We have processed the November 15, 2006 *Durant* non-plaintiff district payment, representing the ninth of ten equal annual payments to non-plaintiff districts in the *Durant v State of Michigan* court case. These payments began in November 1998, continue through November 2007, and are processed on November 15<sup>th</sup> or the next business day if the 15<sup>th</sup> falls on a weekend or holiday. These are payments to non-plaintiff local and intermediate districts with settlement amounts greater than or equal to \$75,000. The payments will sum to one-half of the settlement. Most districts chose to bond for the other half of the settlement, and received those proceeds in November 1998.

### **UPDATED BID THRESHOLDS**

The new bid threshold (the base amount above which competitive bids must be obtained) for construction, renovation, repair, or remodeling for FY 2007 is \$19,653. The new bid threshold for supplies, materials and equipment is \$19,211. Detailed bid threshold information can be found on the MDE website at [http://www.michigan.gov/documents/bidletter\\_13452\\_7.pdf](http://www.michigan.gov/documents/bidletter_13452_7.pdf). Questions may be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

### **MEDICAID INDIRECT COST RATE**

In order for districts to receive more accurate reimbursement for providing Medicaid services, the Department has calculated a new indirect cost rate. The calculation of this rate incorporates a 25% cap, as opposed to the current cap of 15%. This rate is to be used for the purposes of Medicaid School Based Services reimbursement only and is referred to on indirect cost reports as the Medicaid rate. The Medicaid rate has been calculated for FY 2004-2005, 2005-2006, and 2006-2007. It is the understanding of the MDE that the Michigan Department of Community Health in conjunction with Public Consulting Group will be requesting additional reimbursement for prior years based upon this new rate. Indirect cost rate information can be found on the MDE website at [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-118785--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-118785--,00.html). Questions regarding the calculation of the rate may be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

### **DEFICIT ELIMINATION PLANS**

The MDE has established revised procedures for granting approval of Deficit Elimination Plans that require immediate review by any district with a deficit fund balance as of June 30, 2006. The approval procedures are located on the MDE website at: [http://www.michigan.gov/documents/mde/DEPAprovalProcedures\\_175683\\_7.pdf](http://www.michigan.gov/documents/mde/DEPAprovalProcedures_175683_7.pdf). The approval procedures include a firm deadline of December 15, 2006 for submission of a complete Deficit Elimination Plan. Questions may be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

### **NOVEMBER PAYMENT INFORMATION**

The November state school aid payment is the second payment of the 2006-2007 fiscal year. The payment will be electronically transferred to the districts' accounts on Monday, November 20<sup>th</sup>.

**Taxable value** - The November payment continues to use the *beginning* 2006 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus. Questions concerning taxable value should first be directed to the appropriate county treasurer.

**Pupil membership** - September 2006 unaudited pupil count data received prior to November 1, 2006 were used in the calculation of the blended membership count for the November payment. Otherwise, the estimates that were used in the October payment continue to be used. Please note that the **three-year average membership blend, the new Section 29 Declining Enrollment funds and the new Section 22c Equity Payment** were calculated for the November payment using either the estimates or the unaudited data whichever was available. These are districts with a current year 25% - 75% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year

2004-2005, fiscal year 2005-2006 and fiscal year 2006-2007 exceeds the current year blend. An asterisk (\*) next to the membership figures on the status report indicates a three-year average.

**Special Education cost figures** - The fiscal year 2004-2005 special education and special education transportation cost figures continue to be used in the November payment. The fiscal year 2005-2006 cost reports, which were due this fall, are being audited by the Office of Special Education and Early Intervention Services and will be used to estimate current year costs when the data are released to the Office of State Aid and School Finance. (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov).)

**Updated categoricals** - The following categoricals were updated in the November payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Special Education - Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))
- Special Education - Section 51a.1 Tuition Deduct (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))
- ISD Great Start - Section 32j (Jacqueline Wood, Early Childhood and Family Services, (517) 241-4741, [WoodJac@Michigan.gov](mailto:WoodJac@Michigan.gov))
- School Bus Inspections - Section 74(4) (Dwight Sinila, Grants Coordination and School Support, (517) 373-1806, [SinilaD@Michigan.gov](mailto:SinilaD@Michigan.gov)) (**Note: Districts eligible for these funds will receive 18.18% of the allowance in the regular November payment and the 81.82% of the funds in a separate payment that should also post at the bank on November 20<sup>th</sup>.**)
- FIRST Robotics - Section 99h (Dwight Sinila, Grants Coordination and School Support, (517) 373-1806, [SinilaD@Michigan.gov](mailto:SinilaD@Michigan.gov))
- Renaissance Zone – Section 26a (Howard Heideman, Treasury-Office of Revenue and Tax Analysis, (517) 373-9002, [HeidemanH@Michigan.gov](mailto:HeidemanH@Michigan.gov))

#### IMPORTANT DATES TO REMEMBER

**NOTE: Noncompliance with the following deadline dates can result in the withholding of state aid. Please be aware, however, that calculation of the November payment occurs prior to these dates. Therefore, the November payment is NOT being withheld for noncompliance with the following requirements. Continued noncompliance, however, will result in the withholding of the December state aid payment.**

- The **fiscal year 2006-2007 SRSD Records (including State Aid FTE Counts)** for the September 27, 2006 count date were due to ISDs on **November 1** and from the ISDs to the Center for Educational Performance and Information (CEPI) on **November 15**. Failure to file these reports will result in the **withholding of state aid**. (Joellen Wonsey, (517) 373-3352, [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov)).
- **November 1** was the deadline for local districts (including PSAs) to file their **fiscal year 2005-2006 financial audit reports** with the ISDs. The **financial and pupil accounting reports** were due **November 15** from the ISDs to the Department. Failure to file these reports will result in the **withholding of state aid**. (Kathy Weller, (517) 335-6858, [WellerK@Michigan.gov](mailto:WellerK@Michigan.gov)).
- **November 15** was the deadline for local and intermediate districts (including PSAs) to submit the **fiscal year 2005-2006 Annual Comprehensive Financial Report - FID**. Failure to file these reports will result in the **withholding of state aid**. (Glenda Rader, (517) 335-0524, [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov)).

The proration factor for Section 31 At-Risk is \$203.8599332617 per pupil.

The proration factor for Section 56 Special Education Millage Equalization is .9838253876.

The proration factor for Section 29 Declining Enrollment is .1969873201.

---

\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov)